



2024 Budget Guidelines For Home Child Care Agencies

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Purpose and Overview - NEW

The purpose of these guidelines is to provide home child care agencies, with a **Service Agreement for Fee Subsidy, Agency Operating Funding, and/or Canada-Wide Early Learning and Child Care (CWELCC) funding**, guidance on Toronto Children's Services (TCS) annual budget submission process. All Home Child Care Agencies with a Service Agreement with the City are required to comply with these guidelines.

The guidelines outline submission deadlines, description of the operating expenses that are funded by the City (and maximum funding thresholds if applicable), how information submitted in the budget may impact funding levels an agency receives, and a brief outline of the budget analysis conducted by TCS.

The guidelines are updated annually to reflect current legislation, guidelines, or policies issued by the Ministry of Education or the City of Toronto, to reflect changes to the child care system, or to provide clarity regarding service provider reporting requirements and/or the City's funding responsibilities in the child care sector.

NEW: The Province has indicated that the existing revenue replacement approach to CWELCC funding will remain in place for at least the first eight months of 2024, pending the announcement of the new funding approach. Funding is subject to change upon the issuance of the new Provincial funding approach. At this time, Provincial Wage Enhancement (PWE) for 2024 has not been confirmed by the Province.

Use of budgets by Agencies and Children's Services

Budgets are financial plans used by agencies. TCS uses the annual budgets as a mechanism to ensure accountability for the use of public funds which the City extends to service Providers. The Agency will use the funds provided only for the expenses that directly support the provision of home child care services in the City of Toronto.

Budgets are basic planning tools used by agencies. They provide the user with an overview of operations within an agency. TCS uses the budgets submitted by agencies to ensure that service providers, to which the City extends funds, are accountable for their authorized use. The funding paid to the agencies with whom the City has a service agreement are set based on budgeted expenses and operating information. As a result, ensuring the reasonableness of the budget information and data collection submitted by funded agencies is of critical importance.

Agency funding increases for 2024 are dependent on the funding available to TCS. It is the agency's responsibility to ensure that financial commitments in advance of committed 2024 funding from TCS can be sustained.

What is Budget Analysis?

TCS analyzes the budget information using relevant guidelines and policies to approve expenses and funding while ensuring accountability over public funds. Analysis includes a review of the reasonableness, sustainability, and overall financial health of the agency. The analysis is conducted based on knowledge of home child care, the agency's specific operations, and application of the City's relevant guidelines and policies. The amounts budgeted for the current year are also compared to the prior year's approved amounts (if applicable) and actual performance, as outlined in the audit, to identify significant variances, which may require follow-up.

City of Toronto Funding Responsibilities

TCS enters into service agreements with various types of Agencies that provide services for children 0-12 years in the City of Toronto.

Licensed Home Child Care Agencies provide home child care services to private, full fee and subsidized families with children aged 0 – 12 in accordance with the Child Care and Early Years Act (CCEYA) and regulations, guidelines issued by the Ministry, and TCS's Home Child Care Assessment for Quality Improvement (AQI) measure. A Provider who has entered into an agreement with the agency provides the services in a private residence. The Provider agrees to provide home child care services in accordance with the CCEYA and related regulations.

Families in receipt of fee subsidy may choose to enroll their child(ren) at a child care centre or home child care agency with a service agreement for fee subsidy with the City. The home child care agency matches the family with a Provider who has an agreement with their agency.

Home Child Care is funded through:

- **CWELCC** funding for agencies and eligible aged children that are participating in the **CWELCC** system. **CWELCC** funding is provided to offset the reduced fees to families.
- Agency Operating Funding (AOF) is provided to agencies with a Service Agreement for Fee Subsidy. Agency Operating Funding is determined by a review of the agency budget and approved expenses.
- Fee Subsidy funding where TCS pays the Agency, who in turn pays the Provider, an approved rate for each subsidized child receiving care at their home, less any assessed fees payable by the subsidized child's parent(s) to the agency. This is verified through attendance submitted by the Provider to the Agency on a monthly basis. The City may also distribute a government supplement in addition to the provider rate. This must be paid to home providers by the agency.
- Funding the licensed agency for the specified funding applications such as Provincial Wage Enhancement Grant and Home Child Care Enhancement Grant, if applicable.

Home Child Care Agency Responsibilities

Provider Listing

The Home Child Care agency must maintain an accurate record of their assigned and unassigned Providers. The agency must follow the [expansion process](#) to move homes from the unassigned to assigned category on the license. TCS will update the provider information through that process.

Child Care Operating Standards

The [Child Care Operating Standards \(CCOS\)](#) are part of TCS's quality framework. All service providers with a Service Agreement for fee subsidy are required to meet the financial requirements outlined in the Operating Standards, which are available on the 'Early Learning & Child Care Partners' Assessment for Quality Assurance web page.

Audited Financial Statements

In accordance with City policies and applicable Provincial guidelines, agencies with a Service Agreement must provide TCS with audited financial statements within four months of the agency's fiscal year end. For more information on the funding details and when audited financial statements are required, visit the [Audit Guidelines for Agencies](#).

In order for the City to effectively maintain financial reporting obligations, TCS will be implementing sanctions and penalties for non-compliance with business deadlines.

Agencies who are unable to meet the audit submission deadline must submit an extension request in writing to their TCS Budget Consultant. The extension request should include the reason for the extension as well as the anticipated submission deadline. Failure to submit the required statements in the specified format and/or timeline may result in sanctions being applied.

Financial Statement submissions must contain an Independent Auditors Report (Opinion Statement) signed by a Licensed Public Accountant who is independent of the Agency. It is the responsibility of the Agency to confirm the accountant has a valid license to perform Audits and/or Review Engagements in Ontario. For more information about Auditors and Audits, contact the Chartered Professional Accountants of Ontario

Organizations will be required to **revise and resubmit** audited financial statements that:

- Do not comply with Canadian Auditing Standards;
- Are not prepared based on the appropriate accounting standards;
- Are not completed by a Licensed Public Accountant;
- Are not in compliance with TCS Audit Guidelines and financial reporting requirements;

- Do not present the revenue and expenses using the same line by line format as in the approved Budget.

Insurance

As insurance coverage is renewed, a copy of the updated certificate of insurance must be submitted. Agencies who have access to Online Services can upload their Certificate of Insurance using the document upload feature in the online portal. Prior to starting, please review the guide and video available under Tips, Tricks & Help on the right of the Financial Home page of the Operator Portal. Agencies who do not have access to Online Services (i.e. agencies without a Service Agreement for fee subsidy) can submit to their District Consultant.

- The current minimum level required by the City of Toronto for general liability insurance is \$2 million.
- The certificate must list all locations in receipt of funding from the City, contain a cross liability clause, and name the City of Toronto as an additional insured.

Overpayment and Recovery

The agency must inform their TCS Consultant immediately of any overpayments made by the City and these funds are to be returned to the City within a pre-arranged period. Any overpayment determined through a grant reconciliation shall be returned with a signed reconciliation statement. The grant reconciliation will also be reviewed with the audited financial statements.

- TCS may also determine that a recovery is required through the following:
 - T4 and/or payroll review
 - Audited financial statement analysis (for up to 7 prior fiscal years)
 - Inconsistent operating capacity resulting in funding changes or funding not used in accordance with the guidelines and/or implementation plans, if applicable

Any expenses or transactions not funded by the city as mentioned in this guideline may lead to a potential recovery, which will be adjusted, to reflect the percentage of city funding to total revenue. A repayment plan is negotiable on an individual basis, which considers timely repayment as well as the agency's ability to pay. TCS may withhold payments to recover the amount as determined through the recovery calculation.

Data Collection

The Data Collection tabs include Cover, Instructions, Existing Providers, Enrollment, Operating Days and Fees.

All yellow areas must be completed and submitted to receive funding.

Cover

Approved # of Providers by Municipality: Please enter each Municipality you have active/assigned homes in and the number of active assigned homes by Municipality.

Enter total number of unassigned homes for your agency.

Existing and Operating Providers- NEW

This section must include all existing and operating providers.

All expansion of new providers within your licensed capacities must be approved through the **CWELCC** Expansion [application](#).

Enrollment- NEW

This tab calculates the average agency enrollment by age group, by Municipality, for **CWELCC** eligible children only.

In the Age Group/Service Provided section, enter the age group served, the Municipality (group together services offered by Municipality), if the care is for full time or part time, and the number of days this care is offered. See examples below:

EXAMPLE Age Group / Service Provided	Actual Average Agency Enrollment	
	Sept 2023	Oct 2023
0-2 years full time (Toronto) 5 days a week	20	19
0-2 years Full Time (Toronto) 3 days a week	10	11
0-2 years Full Time (Toronto) 2 days a week	13	13
2-4 years Part Time (Toronto) 5 days a week	10	12
2-4 years Part Time (Toronto) 3 days a week	15	15
2-4 years Part Time (Durham) weekends 2 days a week	15	17
2-4 years Part time (Durham) 5 days a week	10	13

*Definition of full time and part time care:

- Full Time Childcare: Licensed childcare that is offered for more than 6 hours per day
- Part Time Childcare: Licensed childcare that is offered for less than 6 hours per day

In the Actual Average Agency Enrollment/Projected Average Agency Enrollment section, enter the average number of children enrolled in each specific service. You will need to reflect actual average enrollment from January to October 2023 and projected average enrollment from November to December 2023 and from January to December 2024.

Average Agency Enrollment is calculated using the following formula = Total daily enrollment for a month ÷ Actual days of operation per service per month

Operating Days - **NEW**

For each month, calculate the number of days that correspond with the service that is being offered, for example a 2 day a week service would amount to 8 or 9 days in the month. See examples below:

EXAMPLE Age Group / Service Provided	Actual Days of Operation	
	Sept 2023	Oct 2023
0-2 years full time (Toronto) 5 days a week	21	22
0-2 years Full Time (Toronto) 3 days a week	12	13
0-2 years Full Time (Toronto) 2 days a week	8	9
2-4 years Part Time (Toronto) 5 days a week	21	22
2-4 years Part Time (Toronto) 3 days a week	12	13
2-4 years Part Time (Durham) weekends 2 days a week	8	9
2-4 years Part time (Durham) 5 days a week	21	22

Fees

The Age Group/ Service Provided information entered in the enrollment tab, will be reflected in the fees tab. Enter the full frozen fee amount (effective March 27, 2022) for each age group/service provided listed.

Budget Information

Current Officers of the Board/Agency

Agencies with access to the Contacts and User Management tab in Online Services should make changes to Board Members and other Agency contacts through Online Services and may leave this section blank

Agencies without access to Online Services must complete this page. A separate listing with all names, addresses, and phone numbers of Board Members can be attached if a listing already exists. Any changes to the Board Members must be submitted to TCS. This also applies to changes in Signing Officers.

Staffing - **NEW**

Salaries, wages, and benefit expenses make up a large majority of expenses in a service agency. Therefore, accurate detail in this area is required.

For the purpose of determining Agency Operating Funding, staff salaries cannot exceed the maximum salary established in the 2024 Salary Schedule, listed below. The maximum salary or hourly rate is the highest point in the range listed below. Where there is no range identified, the amount listed for salary or hourly rate is the maximum.

New: Gross budgeted salaries will now include salary grants for Provincial Wage Enhancement (PWE), Home Child Care Enhancement Grant (HCCEG) and **CWELCC** workforce funding. The total gross salary

must represent the total salary paid to a staff, inclusive of all grants. This is a change from previous direction in 2023 budget guidelines and this information provides preliminary data in preparation of the new funding formula expected to be implemented in September 2024.

For clarity, the “Total Salary” (A) and “Other Salary Grants” (B) are determined as follows:

Budgeted Salary Amount	Calculation
Total Gross Salary (<i>represents the total salary paid to a staff, inclusive of all grants</i>)	A
Other Salary Grants include:	B = C + D + E
1. PWE (<i>up to \$2/hour, as per PWE guidelines</i>)	C
2. CWELCC Annual Wage Increase (<i>\$1/hour toward \$25/hour, cumulative of 2023 and 2024, as per the Provincial guidelines</i>)	D
3. CWELCC Wage Floor Incremental (<i>see chart below</i>) funding to bring to \$20/hour RECE Program Staff and \$22/hour RECE Home Child Care Visitors, as per Provincial guidelines	E
Total Base Wage (<i>represents the salary that is funded by the employer, irrespective of the salary grants listed in this table</i>)	F = A – B

The Wage Floor as set out by the Ministry of Education is as follows:

	2022	2023	2024	2025	2026
RECE Program Staff	\$18	\$19	\$20	\$21	\$22
RECE Home Child Care Visitors	\$20	\$21	\$22	\$23	\$24

It is expected that home child care agencies will operate efficiently to maximize AOF funding, both with homes per home visitor, and the number of children placed in each home. An efficient ratio of Home Visitors to homes is considered 1:15; this reduced ratio recognizes the changes to the Child Care and Early Years Act (September 1, 2027) regarding private and full fee agency placed children as well as the important role of the Home Visitor in extending support to Providers caring for children with extra support needs.

All roles are expected to support the 1:15 ratio. A full-time position/salary is allowed when an agency operates up to 105 homes for supervisor, clerical and administration.

- The number and name of Home visitors entered in the staffing page should match the license.
- Total FTE may be prorated when the number of homes is less than the allowed ratio.

An agency staff may fulfill more than one role in the agency. The budget requires a listing of all agency staff, their title in the agency, total hours per day/days worked, total base salary, and the percentage of time spent on the position. The total of the staffing information entered on the "Staff Salary Information" page will automatically default to the budget page, under "Column C" Budget Salaries and Wages.

All salaries may be verified by T4 and/or payroll review.

Current Salary Schedule

Note: Salaries are subject to settlement of compensation for City of Toronto staff.

Program Staff (35 hour week)	City of Toronto Annual Salary Range	City of Toronto Hourly Salary Range
Home Visitor	\$68,060 to \$74,552	\$37.11 to \$40.65
Home CC Supervisor	\$93,500 to \$119,274	\$51.37 to \$65.54
Clerical Staff	\$61,146 to \$67,033	\$33.34 to \$36.55
Administrator	\$140,053	\$76.95
Effective October 1, 2023, the minimum wage is \$16.55		

Administration

Allowable administration expenses are those related to staff who perform administrative functions for Home Child Care. This expense excludes business travel, office expense, audit or professional fees, etc. Contracted administration may include services such as bookkeeping, accounting and management services.

There are three sub-categories of administration expense: salaried administration, contracted administration, and central allocated administration.

Administration expenses are reviewed for reasonableness as part of the budget analysis process, regardless of the maximum amount.

Agencies with multiple sites may include centralized administration expenses actually incurred and allocated to the locations that are funded. "Centralized Administration" expenses only related to staffing and must include detailed listing staff name, job duties, total salaries, total days/hours worked, and a percentage of salaries allocated to the home child care function.

Agencies who also submit budgets to TCS for Child Care Centres, EarlyON & Indigenous-Led Programs, and/or Every Child Belongs should be sure that no one individual receives more than the maximum admin salary or is allocated more than 100% of their standard workday when all submitted budgets are considered. The total amount of administration will be reviewed for all program types (GCC, EarlyON & Indigenous-Led Programs, HCC, ECB) that are part of a multi-agency

Budget

TCS will use the budget to determine Agency Operating Funding for agencies with a Service Agreement for Fee Subsidy. Agencies whose cost per home exceeds the amount set by the provincial government must demonstrate the need for the additional funding. For agencies with a Service Agreement for **CWELCC**, the budget will also be used to determine future funding as per the provincial guidelines in place at the time of approval. It is also used to support the financial reporting requirements and is reviewed in comparison to the audited financial statements.

The budget year is defined as January 1st to December 31st operators must provide the revenue and expenses for the budget year, regardless of the agency's fiscal year.

Approved Prior Year (Column A)

The revenue and expense amounts approved by TCS for the prior budget year are pre-populated in "Column A". In this 2024 submission, this column only applies to agencies with a Service Agreement for fee subsidy.

Actuals (Column B)

The revenue earned and expenses incurred for 2023 are entered by the Agency in Column B. The amounts should be based on actual revenue and expenses from January 1 to September 30, 2023 and a reasonable estimate of the amounts for October 1 to December 31, 2023. Do not include any revenue or expenses related to the **CWELCC** Implementation Grant.

Budget Current Year (Column C)

The projected revenue and expenses for 2024 are entered by the Agency in "Column C" and must include **CWELCC** affordability funding. Projected revenue should be based on the location's current City funding levels and other continuing revenue sources. Please also consider any changes to service levels. Projected expenses should include salary increases, increases to operating expenses related to inflation/cost-of-living, and any other planned increases to operating expenses.

Full Fee - NEW

Revenue collected from families, including reduced **CWELCC** fees and full fees from non-eligible age groups.

CWELCC - NEW

Enter the estimated 2024 **CWELCC** funding on this line. TCS requires agencies to estimate based on the 2023 funding approach, which is subject to change upon receipt of the Provincial Funding Formula guidelines.

Fee Subsidy

Budgeted fee subsidy revenue should be based on current funding levels (i.e. provider rates in effect at the time when the budget is submitted).

Parent Portion of Fee Subsidy

Include revenue collected from families for their portion of fee subsidy.

Provider Payments

Include payments made to providers.

Agency Operating Funding (AOF)

This line is only applicable to agencies with a Service Agreement for Fee Subsidy. The AOF amount approved in the prior year's budget is reported "Column A" and will be the same amount for "Column B" and "Column C".

The total AOF funding should equal the AOF stated in the Schedule 2.3 of the Agency's Service Agreement. Once the budget is approved, AOF for the current year will be determined and the Agency will receive a revised Schedule 2.3 of the Service Agreement to reflect changes if applicable.

Other Funding Sources / Grants

Funding received from other sources that will be used to cover general operating expenses for the agency should be reported under this category. Agencies that enter other funding sources are required to provide an explanation detailing the source of the funding and the intended purpose of the funding.

Salaries and Benefits

The Salaries & Wages and Administration lines include pre-populated data from Staff Salary Information page including total salaries for home visitor, supervisor, and clerical positions.

Benefits entered are for employer contributions up to a maximum of 25% of total salaries of all staff positions, excluding contracted positions.

Program Related

This category includes materials or expenses Home Visitors require to provide program support, or Provider start-up expenses.

Agencies who lend equipment to contracted Providers (such as: strollers, cribs, cots and playpens for sleeping, safety gates, high chairs or other feeding chairs) may continue to include this expense in the budget.

Partial or full reimbursement of equipment purchased by Providers is not allowed. These expenses are tax deductible as a contracted Home Child Care Provider.

- Agency Operating Funding increases are subject to a maximum increase in this line of 2%.

Rent

Rent must be verified by a copy of the current lease submitted to TCS. In some cases, a lease letter is acceptable. A lease or lease letter must include the following:

- Address on lease must correspond to the location of the home child care agency
- Lease term
- Square footage—if the space is used for multiple purposes, a description and square footage of the home child care office space must be identified
- Documents must be signed, dated and on the letterhead of the landlord.
- Operators or related parties who own a building/space occupied by the agency and who charge rent to the agency must provide a Certified Market Value Assessment demonstrating the reasonableness of rent charged and comply with the Market Rent Appraisal requirements which can be found on the [TCS website](#).

Mortgage Carrying Costs

Interest charged for a mortgage is recognized, but not the principal portion of the mortgage loan. The principal portion of the loan is not funded through fee subsidy, but may be funded through **CWELCC** only. A copy of the mortgage document specifying the current mortgage carrying costs must be submitted to TCS and will be retained on file.

Utilities and Maintenance

This category is for expenses related to the repair and maintenance of the home child care office property. If utilities are not included in the rent as verified in the lease, actual expenses for utilities (such as: hydro, heat, water, waste) can be included. Verification of utility expenses may be requested.

This category also includes cleaning supplies and sanitary paper products (such as: toilet paper, paper towels) for the home child care operations.

Amortization/Depreciation

Note: Funding for capital purchases is subject to change upon the issuance of Provincial Funding Formula guidelines. It is the agency's responsibility to ensure that financial commitments in advance of committed 2024 funding from TCS can be sustained.

- This category includes expenses of a capital nature that individually exceed \$5,000. This may include depreciable assets such as computer hardware, furniture, and depreciable leasehold improvements.
- Invoices must be provided as supporting documentation for any amortization amount included in the budget submission. All purchases in this category must be depreciated/amortized over a minimum of five years. However, the number of years of depreciation/amortization may vary

depending on the asset. For example, significant leasehold improvements may be amortized over the term of the lease.

- The expenses allowed under this category are not the same as the amortization expense reported in the financial statements. Amortization for accounting purposes represents the allocation of capital expenditures based on the agency's own accounting policies for calculating amortization and is not an allowable budget expense.
- If an agency is budgeting amortization expenses in the budget, the Amortization Expenses spreadsheet must be completed and submitted with invoices. This spreadsheet is available as the last tab in the budget template. In situations where an agency has funding from TCS for additional program areas such as Group Child Care, the amortized expense will be analyzed as a whole amount and attributed accordingly.

Insurance

Include insurance expenses related to the home child care agency. Automobile insurance cannot be included.

Insurance expenses include coverage of a minimum of \$2 million general commercial liability and coverage for Director's liability. The insurance certificate must contain a cross liability clause that names the City as additional insured.

Cleaning

Includes the cost for contracted cleaning services of the home child care agency office.

Office Related

Office related expenses may include:

- Office supplies, laminating, printing and photocopying, postage/courier expenses, internet/data charges, telephone including mobile phones
- Licensing fees
- Computer hardware including desktop, laptops and tablets and computer software
- Office furniture and equipment
- Marketing and advertising
- Bank charges
- Professional memberships and board expenses

Any office related items greater than \$5,000 should be reported under the amortization/depreciation expense category.

Professional Fees

Professional fees include audit fees. It does not include bookkeeping expenses, which are to be reported in administration (salaried or contracted).

Legal

This includes legal expenses related to the home child care agency and may require a breakdown of expenses and/or proof of expenditure.

Training and Development

Training and development may include conferences, workshops, resource materials and books, professional subscriptions and other professional development. It may also include expenses related to parent education and learning opportunities for providers.

Business Travel

Business travel may include TTC, meterage and parking for Home Visitors and other home child care agency staff. The maximum rate to determine meterage reimbursement is the City's approved allowance, currently 68 cents per kilometer.

Other

Agency's may include expenses that have not already been itemized. A description of the cost must be provided. As per the provincial child care funding guidelines, fees paid on behalf of staff for membership in professional organizations such as the College of Early Childhood Educators (ECE) are inadmissible.

Surplus (Deficits)

The Surplus/Deficit Agency Operating Funding (AOF) only identifies revenue and expenses related to Agency Operating Funding. This excludes net fee revenue and other funding sources/grants. **This line will identify possible changes to the AOF funding for the agency in "Column C".**

Any **CWELCC** funding that Agencies will receive will be reflected on Schedule 17 and communicated.

AOF Mid-Year Adjustment

If the operation incurs a significant expense during the year which cannot be managed within the approved funding, the agency may submit a request for an adjustment.

Budget submission

Please email the completed excel version of the budget to your Budget Consultant by **November 30, 2023**.

Please retain a copy of the budget submission at the agency for your files.

If you have any questions about the budget submission, contact your District Consultant or Budget Coordinator.